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March 15, 2004

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th St., SW
Washington, D.C. 20554

**Re: Notice of Ex parte -Review of the Commission's Rules Regarding the Pricing of
Unbundled Network Elements, WC 03-173**

Dear Ms. Dortch:

On March 12, 2004, William Rogerson, an SBC Communications, Inc. (SBC) economic consultant, held separate telephone conversations with Jay Atkinson and Alvaro Gonzales of the Wireline Competition Bureau.

The purpose of the calls was to gain a better understanding of the economic issues the Staff may be interested in covering at an upcoming *ex parte* meeting. The issues discussed were:

- Whether the provision of broadband services affects network design decisions and how this might impact UNE cost calculations.
- The relationship between intermodal competition and UNE cost calculations.
- How different notions of static vs. dynamic efficiency ought to be taken into account in UNE cost models.
- The role of the issues identified by the Staff economics working paper on TELRIC pricing¹ in a new UNE cost model.

Please contact me at (202) 326-8895 should you have any questions.

Sincerely,

Jim Lamoureux

¹David M. Mandy and William W. Sharky *Dynamic Pricing and Investment from Static Proxy Models*, OSP Working Paper 40, September 2003.

cc: Tamara Preiss
Jay Atkinson
Monica Desai
Alvaro Gonzales
Richard Kwiatkowski
Jeremy Marcus
Steve Morris
Marvin Sacks